Sales and Use Tax (Caterers/Catering)

Are food, service and other items provided by a caterer subject to state sales tax?

Yes. Colorado charges the 2.9% state sales tax on food prepared by caterers for banquets, parties, etc. The tax would also include any applicable special district tax and local tax depending upon where the event is taking place. Caterers are liable for the tax on the total selling price of items sold and/or charges for services essential to providing meals and beverages.

The service would include preparation of food, delivery, and any extended service such as setting up for a banquet or party and the serving of food.

The sales tax should be separately stated on the total bill since sales tax cannot be absorbed into the total price or in the price of the service.

Additionally if part of the service includes any tangible personal property such as centerpieces for a table that are meant to be kept by the party as a gift or giveaway, then those centerpieces are sales taxable.